

OTAY RANCH RESOURCE MANAGEMENT PLAN (RMP)
GENERAL PLAN AMENDMENT REPORT

August 29, 2006

SDC DPLU RCVD 08-31-06
GPA 06-012

TABLE OF CONTENTS

I. INTRODUCTION

A. Proposal

B. Physical Setting

C. Merits of Proposal

II. PLAN ISSUES

III. ENVIRONMENTAL DOCUMENTATION

IV. APPENDICES

I. INTRODUCTION

A. Proposal

The Otay Subregional Plan, Volume 2, also known as the Otay Ranch General Development Plan (SRP/GDP), and the Phase 1 Resource Management Plan (RMP) require the County of San Diego (County) and the City of Chula Vista (City) to develop a plan for the orderly conveyance of land to the RMP Preserve. The plan is referred to as a Conveyance Schedule. The City adopted a conveyance schedule with the Phase 2 RMP on June 4, 1996 and subsequently revised it on June 9, 1998 and again on May 23, 2006. In the County of San Diego, an RMP Conveyance Schedule was adopted as a “stand-alone” document on March 6, 1996, when the County elected to adopt only Section II.B “Preserve Conveyance Plan” of the Phase 2 RMP, rather than the entire Phase 2 RMP. The County revised the Conveyance Schedule on August 7, 2002.

The SRP/GDP and Section II.B of the Phase 2 RMP contemplate that the Conveyance Schedule be amended from time to time. Otay Project L.P. (“Applicant”) has recently processed a Sectional Planning Area (SPA) Plan in the City of Chula Vista for Villages Two, Three, Four (portion) and Planning Area 18b. This General Plan Amendment Report addresses the request before the County to amend Section II.B of the Phase 2 RMP, and the RMP Conveyance Schedule in the following manner: *

1. Eliminate the RMP Preserve Conveyance Schedule to allow Villages Two, Three and all subsequent villages to convey any Otay Ranch Preserve lands in satisfaction of each village’s conveyance obligation.
2. Pursuant to a 1995 agreement with the Wildlife Agencies included in the County of San Diego MSCP Subarea Plan:
 - a. Eliminate the RMP Coastal Sage Scrub Restoration requirement.

(*The Plan Amendment Authorization (PAA) request, submitted to the County on March 8, 2006 and approved for processing as a General Plan Amendment on July 28, 2006, identified additional amendments to the Phase 2 RMP. With further research, it has been clarified – as described above - that in the County of San Diego, the SPA One Conveyance Schedule was adopted as a “stand-alone” document on March 6, 1996. Accordingly, this GPAR focuses on Section II.B “Preserve Conveyance Plan” of the Phase 2 RMP.)

B. Physical Setting

Otay Ranch is located in southern San Diego County, in both the County of San Diego and City of Chula Vista. In 1993, the County and City jointly approved a development plan for the approximately 23,000-acre project, including the creation of residential

villages, recreational, commercial and industrial areas, and open space. Included in the plan is the requirement for an 11,375-acre Otay Ranch Preserve (“Preserve”), designed to include land set aside for protection and enhancement of sensitive resources, habitat and open space. As the implementing document for the Preserve, the Phase 2 Otay Ranch Resource Management Plan establishes the policies by which land will come into the Preserve and by which it will be maintained and operated. The physical setting of the land subject to this General Plan Amendment is therefore the overall Otay Ranch Preserve. Maps contained in the appendix of this GPAR describe the location and status of the Preserve.

C. Merits of Proposal

Planning considerations and merits of the proposal, as well as the biological rationale, are explained in detail in Appendix A, and contained in the binder submitted as a separate document to this General Plan Amendment Report. Appendix A contains two sections.

Section I analyzes the manner in which the existing conveyance guidelines set forth in RMP Policy 5.6 have been satisfied such that the majority of the Preserve land included in the Conveyance Schedule is now, or is approved to be, dedicated or offered for dedication to the Preserve.

Section II analyzes the rationale – both policy and biological – supporting the proposed amendment that would allow Otay Ranch landowners to convey any Otay Ranch Preserve land as a means of satisfying the RMP Preserve conveyance obligation. Specifically, there is not sufficient land remaining in the Conveyance Schedule to satisfy the Applicant’s conveyance obligations; priority resources have already been conveyed into the Preserve, offered for dedication or committed to public ownership; and the loss of single ownership of Otay Ranch’s developable and Preserve lands has complicated the sequence of conveyance. In addition, adoption of the MSCP Subarea plans has provided additional biological protections.

II. PLAN ISSUES

The proposed GPA would eliminate the Otay Ranch RMP conveyance schedule.

The proposed GPA would be consistent with all elements of the County of San Diego General Plan since it does not propose to change land uses within the County or the eventual transmittal of the 11,375-acre Preserve into public ownership. A discussion of the policy conformance with the Otay Ranch RMP is contained in the above mentioned Appendix A, contained as a separate document to this GPA Report.

III. ENVIRONMENTAL DOCUMENTATION

A Request to Use Previous Environmental Document Form is included with this application. The proposed GPA relies on the Otay Ranch Villages Two, Three and a Portion of Four Sectional Planning Area (SPA) Plan Final Second Tier EIR 02-02 (State

Clearing House Number 2003091012), certified by the City of Chula Vista in May, 2006. As described in Section 3.0 Project Description of the EIR, one of the project components is a proposed discretionary action within the County of San Diego for a:

“GDP [Otay Subregional Plan, Volume 2 (“SRP”)] Amendment to eliminate the Preserve Conveyance Schedule and allow Village Two, Three, and all subsequent Villages to convey any Otay Ranch Preserve lands in satisfaction of each Village’s conveyance requirement.” (EIR Page 3-34)

The potential environmental impacts associated with this discretionary action were analyzed in the EIR which concluded that there were no significant impacts. The EIR provides additional details regarding the proposed amendment on Page 3-37 and analyzes the environmental impacts of the proposed amendment in Section 5.1 Land Use, Pages 5-37 to 5-39. The EIR concluded:

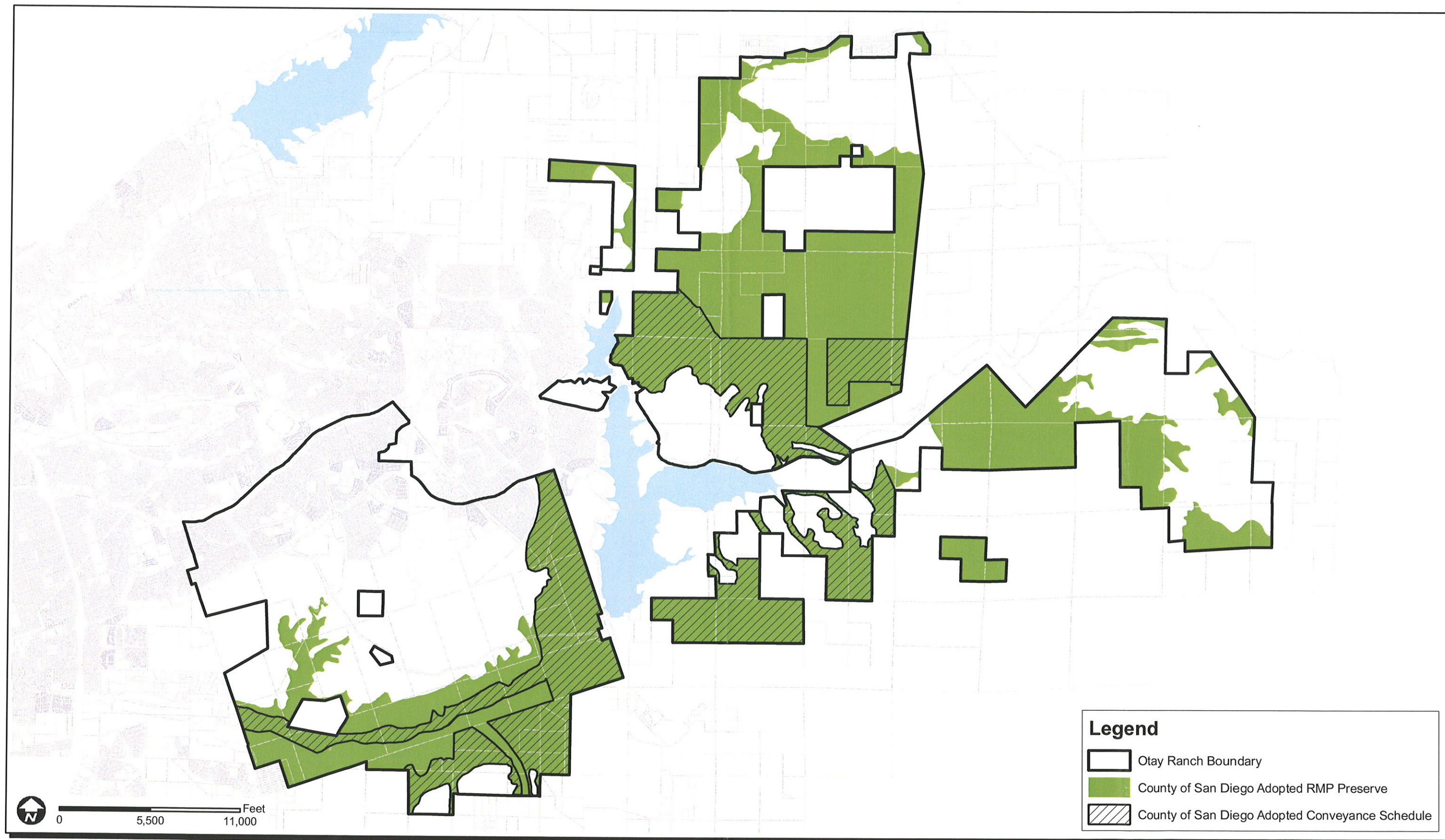
“Based on the analysis of the relevant guidelines from RMP Policy 5.6, the proposed action to amend the GDP [SRP] and eliminate the SPA One Conveyance Schedule would be consistent with the provisions and requirements of that policy, and no significant impacts related to plan consistency would result.” (EIR Page 5-39)

Additional analyses in support of the proposed discretionary action are provided in Appendix B-3 *Conveyance Plan Analysis*, to the EIR.

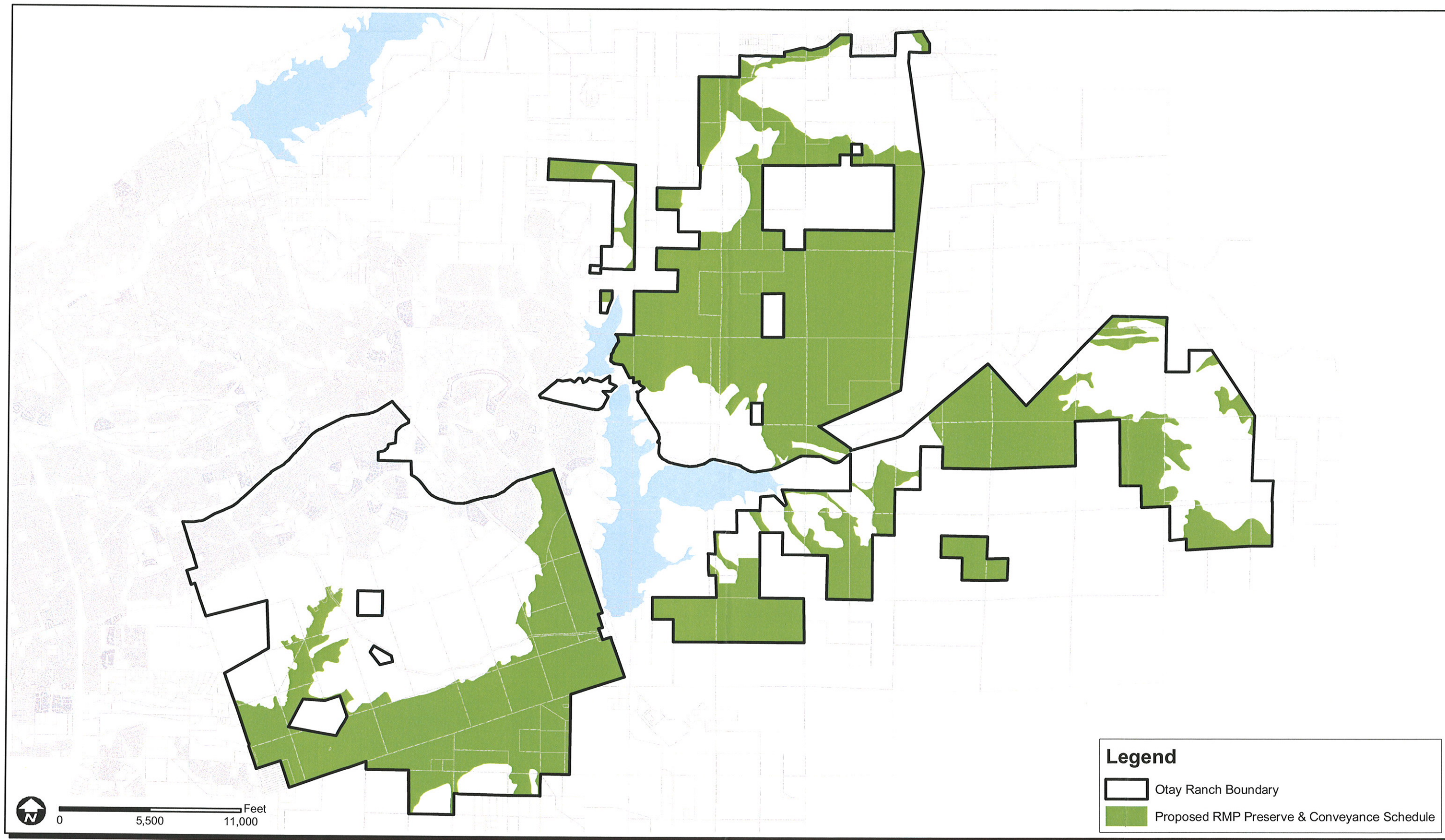
IV. GRAPHICS

Graphics have been prepared to illustrate the proposed GPA, including:

1. The location of the existing RMP Preserve boundary and RMP Conveyance Schedule.
2. The proposed RMP Preserve boundary.
3. Conveyances/Pending Conveyances and Third Party Acquisitions within the RMP Preserve boundary.
4. Land within the RMP Conveyance Schedule Available for Conveyance.
5. Preserve Lands Proposed to be Available for Conveyance.



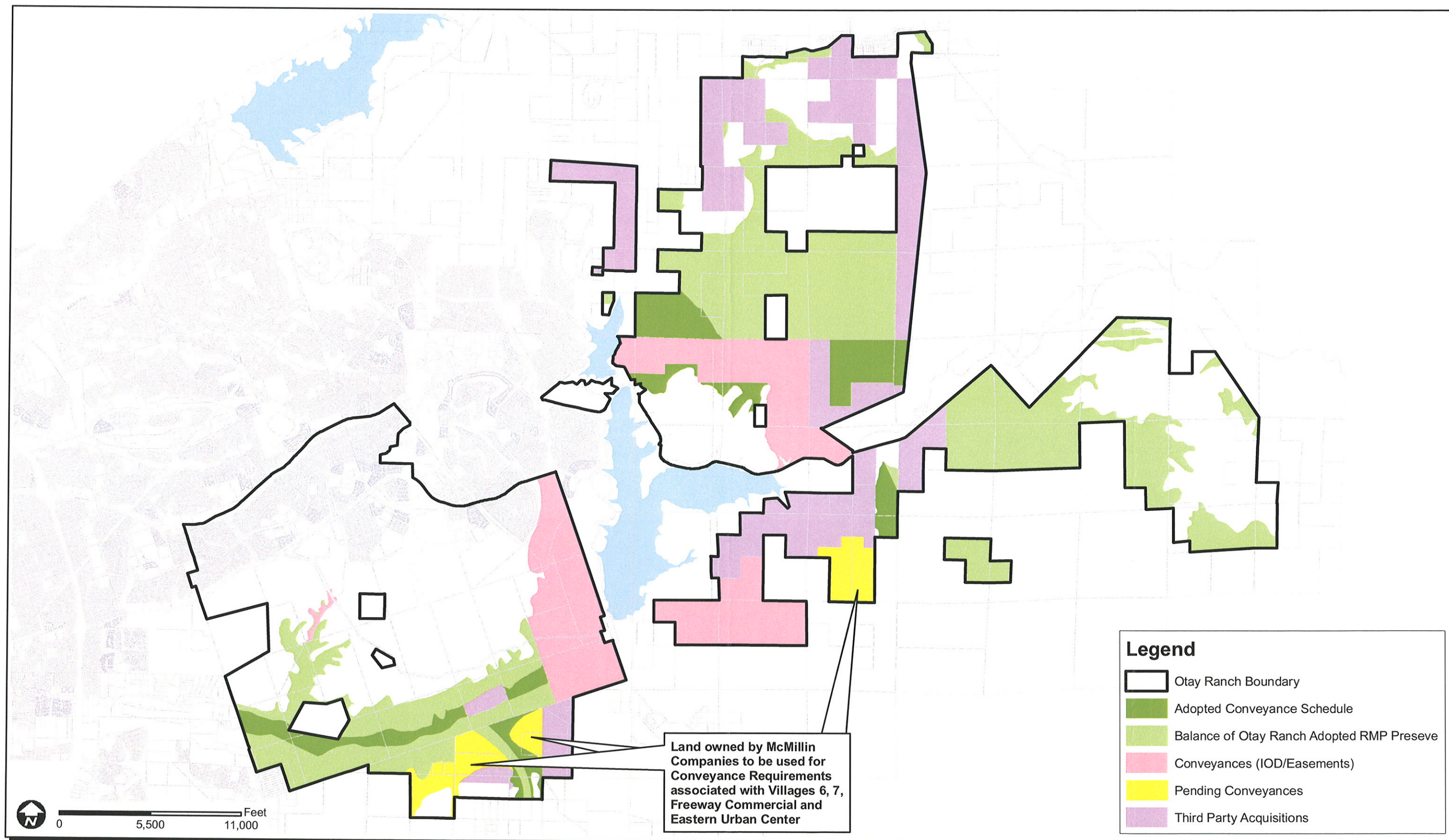
County of San Diego Adopted RMP Preserve Boundary and Adopted RMP Conveyance Schedule



DATE: August 18, 2006

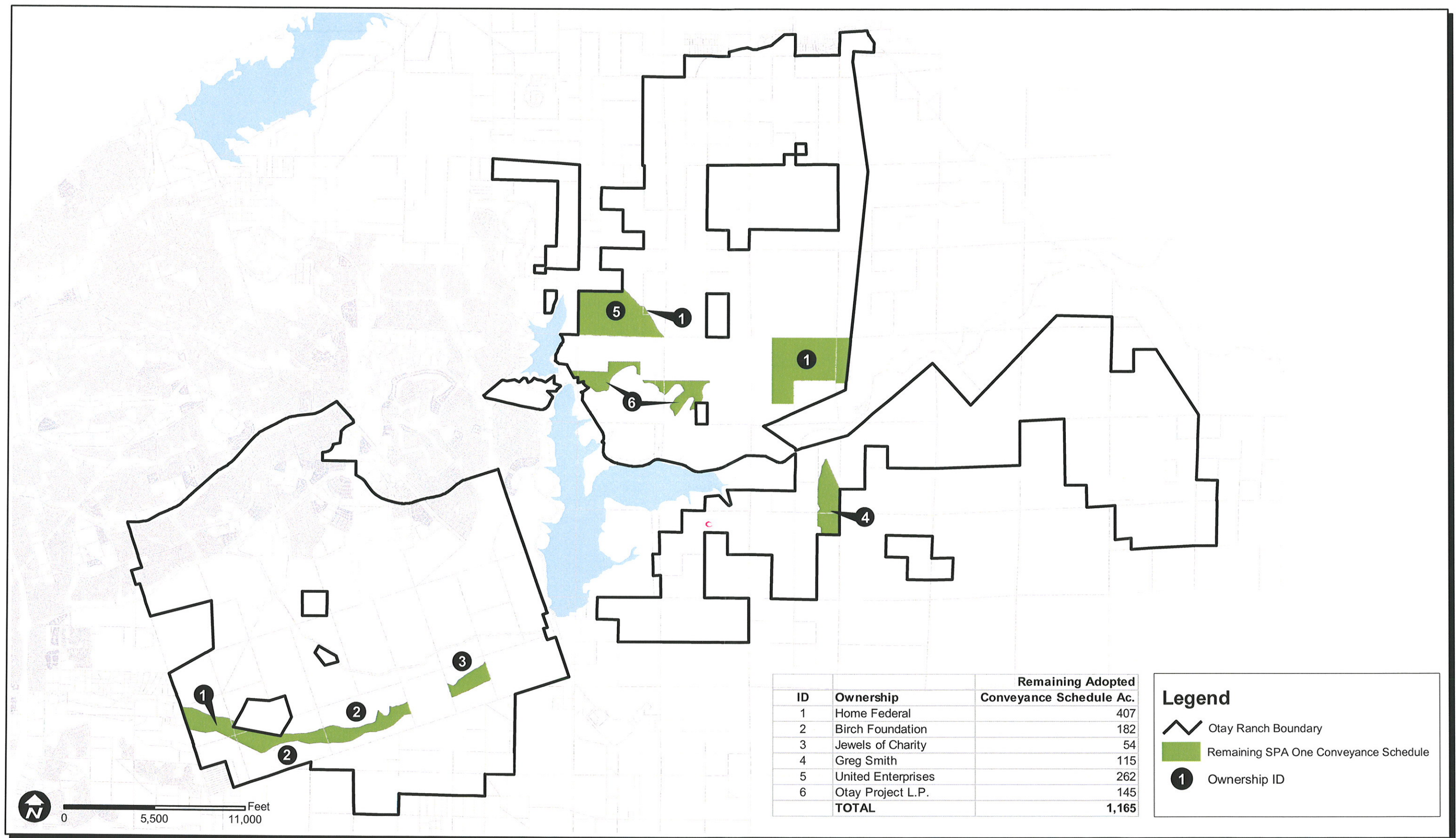
Proposed RMP Preserve & Conveyance Schedule

FIGURE
2



DATE: August 18, 2006

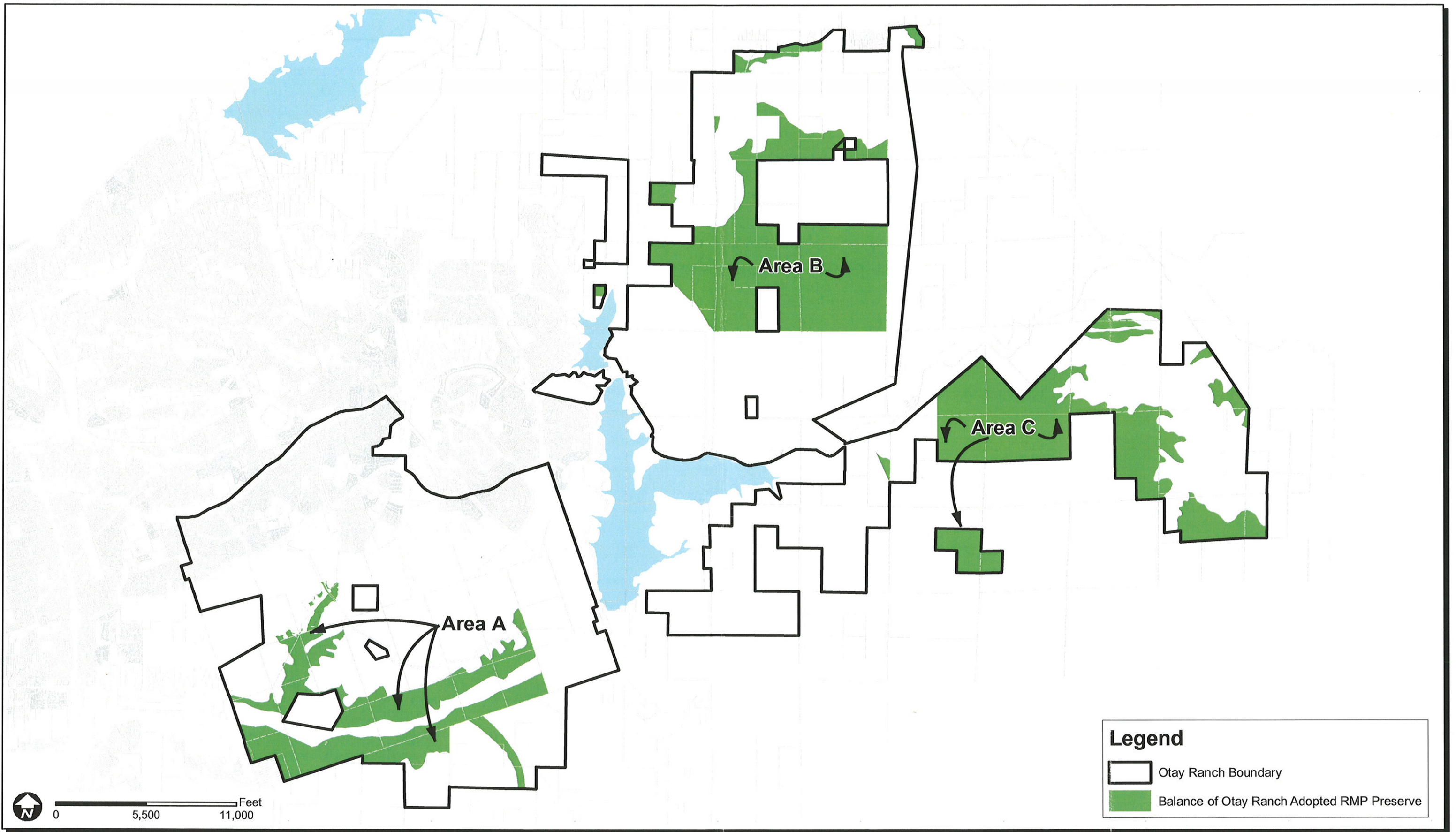
Conveyances/Pending Conveyances and Third Party Acquisitions



DATE: August 18, 2006

Land in SPA One Conveyance Schedule Available for Conveyance

FIGURE
4



DATE: August 18, 2006

Preserve Lands Proposed to be Available for Conveyance

FIGURE
5

APPENDIX A

Rationale Supporting Amendment of Policy 5.6 of the RMP

Introduction

The Otay Ranch General Development Plan (GDP) and Phase 1 Resource Management Plan (RMP) require the City of Chula Vista (City) and County of San Diego (County) to develop a plan for the orderly conveyance of land to the RMP Preserve (the Otay Ranch Preserve is shown in *Figure 1*). The plan is referred to as a conveyance schedule. Both the City and the County adopted a conveyance schedule and subsequently amended the conveyance schedule in connection with the Otay Ranch SPA One Plan¹. The conveyance schedule that was adopted and amended by the City and County is referred to herein as the "SPA One Conveyance Schedule" and is shown in attached *Figure 2*. The SPA One Conveyance Schedule applies to all the villages and planning areas governed by SPAs that were adopted since approval of the Otay Ranch GDP/Subregional Plan in 1993 (Villages One, Five, Six, Seven and Eleven).

The Otay Ranch GDP, RMP and Phase 2 RMP contemplate that the SPA One Conveyance Schedule, and the RMP itself, may be revised and amended from time to time. The RMP 2 states "the Conveyance Plan is a dynamic tool that may be modified to reflect changing circumstances." (Pg. 58) To the extent the SPA One Conveyance Schedule is to be changed, however, the GDP and RMP provides that "any change in the order of conveyance shall be considered only during the review and approval process for a SPA and shall not require a General Plan Amendment." (pg. 98)

The Otay Ranch Company ("Applicant") recently processed a SPA Plan application before the City for Villages Two, Three, Four (portion) and Planning Area 18b. The SPA Plan before the City was approved by the City on May 23, 2006. Pursuant to the requirements of the RMP, the Applicant simultaneously proposed to amend the GDP, the RMP, the Phase 2 RMP to permit all Villages to convey any Otay Ranch Preserve lands in satisfaction of each village's conveyance requirement. This amendment reflects (1) changes in the circumstances related to the Otay Ranch project since the adoption of the

¹ In the City, the SPA One Conveyance Schedule was originally included in the Phase 2 RMP which was approved by the City on June 4, 1996 and subsequently revised on June 9, 1998, and again on May 23, 2006. The latter amendment actually deleted the SPA One Conveyance Schedule (consistent with the proposal now pending before the County) so as to allow for the conveyance of any Otay Ranch preserve land in satisfaction of the RMP conveyance obligation.

In the County, the SPA One Conveyance Schedule was adopted as a "stand-alone" document on March 6, 1996, when the County elected to adopt only Section II.B "Preserve Conveyance Plan" of the Phase 2 RMP rather than the entire Phase 2 RMP. The County revised the SPA One Conveyance Schedule on August 7, 2002.

SPA One Conveyance Schedule (as discussed below) and (2) the fact that the majority of the Preserve land included in the SPA One Conveyance Schedule is now, or is approved to be, offered for dedication to the Preserve Owner Manager ("POM").

This Appendix A evaluates the following:

(1) Section I

Analyzes the manner in which the existing conveyance guidelines set forth in RMP Policy 5.6 have been satisfied such that the majority of the Preserve land included in the SPA One Conveyance Schedule is now, or is approved to be, conveyed, dedicated or offered for dedication to the Preserve.

(2) Section II

Analyzes the rationale – both policy and biological – supporting the Applicant's proposed amendment that would allow Otay Ranch landowners to convey any Otay Ranch Preserve land as a means of satisfying the RMP Preserve conveyance obligation.

Section I

The RMP Policy 5.6 Guidelines Have Been Satisfied Such That the Majority of the Preserve Lands Included in the SPA One Conveyance Schedule Have Been Conveyed, Offered for Dedication, or Are to Be Offered For Dedication as a Condition of a Project With Approved Discretionary Entitlements

Policy 5.6 of the RMP sets forth guidelines to provide the framework for identifying the Preserve lands to be conveyed on a "priority" basis. (RMP Policy 5.6 is repeated in the GDP [Part 2, Chapter 10, Part 5]. All references to Policy 5.6 contained in this appendix also apply to the corresponding GDP text.) As a general matter, these guidelines sought conveyance of Preserve lands with the "highest quality resources" and/or in the "most vulnerable" areas. The guidelines also called for conveyance of Preserve lands in an orderly manner beginning with "keystone" parcels. Each of these guidelines is set forth below along with a discussion of how it has been satisfied over the past nine years since adoption of the SPA One Conveyance Schedule. Policy 5.6 guidelines have been satisfied in a manner that assures that the majority of the Preserve lands in the SPA One Conveyance Schedule (1) have already been conveyed or offered for dedication (2) are to be offered for dedication as a condition of development that has now obtained its discretionary approvals and is awaiting final maps or (3) has been acquired by third parties for purposes of non-Otay Ranch mitigation or for purposes of being preserved as permanent open space.

The RMP Policy 5.6 guidelines and the manner in which they have been satisfied are as follows:

1. **First priority shall be given to the conveyance of highest quality resources (such resources may include vernal pools on Otay Mesa, Diegan coastal sage scrub habitat in the Salt Creek area, gnatcatcher population areas in western San Ysidro and central Proctor Valley areas, or potential wetlands restoration areas in the Otay River Valley (depending upon the status of regional park plans and wetlands restoration plans at the time Otay River Valley parcels are conveyed).**

(a) **Diegan Coastal Sage Scrub Habitat in Salt Creek**

All but approximately 7 acres of the Salt Creek CSS habitat has been or will be preserved as a result of (1) the City's condemnation of 437 acres from the Otay Land Company on behalf of the Applicant, (2) the City's acquisition of approximately 485 acres from Brookfield Shea Otay, LLC pursuant to a Land Offer Agreement and (3) approval of Brookfield Shea's SPA Plan for Village 11 which requires Brookfield Shea to convey all but approximately 7 acres of the balance of its Salt Creek Preserve land as a condition of development. These actions account for preservation of approximately 945 acres of Preserve land within the SPA One Conveyance Schedule.

(b) **Vernal Pools on Otay Mesa**

Preservation of the vernal pool resources on the Otay Mesa has been assured as a result of (1) acquisition by public entities for conservation purposes, (2) acquisition for mitigation of impacts associated with SR-125, and (3) preserve lands within the Otay Mesa are anticipated to be conveyed in conjunction with approved SPA plans for the McMillin Companies for Village Six, Seven and Planning Area 12 (Freeway Commercial) which anticipate conveyance of Preserve land in conjunction with its development. These actions account for preservation of approximately 390 acres of Preserve land within the SPA One Conveyance Schedule.

(c) **Gnatcatcher Populations in Western San Ysidro**

The gnatcatcher populations in the western portion of the San Ysidro Parcel have been preserved as a result of (1) irrevocable offers of dedication (IOD) that have been delivered to the Preserve Owner Manager ("POM") in conjunction with recorded final maps, and (2) an acquisition for conservation purposes by the California Department of Fish and Game through the Wildlife Conservation Board. These actions account for preservation of approximately 1,200 acres of Preserve land within the SPA One Conveyance Schedule.

(d) **Potential Wetlands Restoration in Otay River Valley**

The eastern portion of the Otay River Valley that could be a potential restoration location has been provided by the Applicant in conjunction with the development of Village Six. This action accounts for preservation of approximately 75 acres of Preserve land within the SPA One Conveyance Schedule.

(e) Gnatcatcher Populations in Central Proctor Valley

Irrevocable Offers of Dedication ("IODs") and easements for Preserve lands containing significant gnatcatcher populations in the central Proctor Valley areas surrounding Village 13 have been recorded by the Applicant in conjunction with the development of Villages One, Five and Six. The remaining portion will be conveyed as the Preserve boundaries are finalized during the land use entitlement phase of Village 13. The proper Preserve boundaries are not now delineated because the property owner is working with the County and the resource agencies to refine the Village 13 development footprint to conserve the Quino checkerspot butterfly, a species declared endangered after adoption of the Otay Ranch Preserve boundary.

2. **Give first priority to the conveyance of "most vulnerable" areas -- those most subject to potential and ongoing disturbance.**

The two areas of the Preserve closest to ongoing or imminent development are Salt Creek and Wolf Canyon. Salt Creek is adjacent to Village 11. The majority of the Preserve in this area has been conveyed or is the subject of a pending conveyance (see Brookfield/Shea discussion above). With regard to Wolf Canyon, IODs for the northern reaches of Wolf Canyon have been provided and the habitat has been restored by the Applicant in conjunction with development of Villages One and Five. In addition, the proposed Village Two, Three, Four (portion), and Planning Area 18b SPA Plan may convey the adjacent Wolf Canyon Preserve lands concurrent with the development of those villages.

3. **Conveyance shall occur in an orderly manner beginning with an identified "keystone" parcel (e.g., vernal pool areas, Salt Creek area, Otay River Valley, Central Proctor Valley, and western San Ysidro) and proceed to the next logical block of land.**

As discussed in response to the first guideline, "keystone parcels" have either been conveyed, offered for dedication, are subject of a pending conveyance, or are the subject of a third-party acquisition.

4. **Convey areas with restoration potential early in order to begin long-term research activities early in the process (Restoration activities may occur in areas proposed for inclusion in the Preserve prior to their conveyance).**

The Otay Ranch Vernal Pool Preserve:

The vernal pool areas on Otay Mesa are located within the ownership of the Corky McMillin Companies. Those lands are intended to be conveyed in conjunction with approved SPA Plans of the McMillin Companies for Village Six, Village Seven and the Freeway Commercial planning area (already approved SPA plans). Other Otay Ranch vernal pool areas have been conveyed through SR-125 mitigation or acquired by a public agency.

MSS and CSS Restoration:

Areas of coastal sage scrub and maritime succulent scrub resources that have restoration potential exist within the Salt Creek and Wolf Canyon areas. As a result of the recent condemnation of 437 acres by the City from the Otay Land Company; the Land Offer Agreement By and Between the City and Brookfield Shea Otay, LLC; and additional conveyance obligations associated with approved discretionary entitlements for the development of Village 11 (combined total of about 922 acres), virtually all of the coastal sage scrub and maritime succulent scrub resources within the Salt Creek portion of the Preserve are either conveyed, offered for dedication, or are the subject of pending conveyance. Additionally, active ongoing restoration of maritime succulent scrub is occurring on approximately 26 acres on the western slopes of Wolf Canyon, within areas that have been offered in IODs to the POM. Additional restoration potential within the Otay River Valley consists primarily of restoration of riparian habitats within the Otay River drainage. The eastern portion of the riparian habitat has been acquired by the City through condemnation of 437 acres from the Otay Land Company.

5. The Preserve Owner(s)/Manager(s) shall participate in preparation of the Conveyance Schedule.

The City and the County, working together as the Preserve Owner/Manager, approved the SPA One Conveyance Plan and will review and consider the applicant's proposed amendments to the GDP/SRP, RMP, and SPA One Conveyance Schedule.

6. Cumulative acreage conveyed shall be greater than or equal to the cumulative acreage of the proposed SPA.

This guideline has been adhered to and is not affected by the proposed amendment.

7. General guidelines regarding in-kind mitigation and no net loss of wetlands shall be considered in development of a conveyance schedule, particularly in the context of applicable State and Federal regulations (it is understood that

in-kind mitigation may not always be the preferable approach to achieve the goal of establishing a functioning, manageable Preserve).

While in-kind mitigation and no net loss of wetlands were considered in developing the SPA One Conveyance Schedule, the development of the Otay Ranch property precluded any strict adherence to such policies. The first Otay Ranch Villages (Villages One and Five) involved limited impacts to sensitive species, thus making in-kind mitigation impractical. Rather, the goals sought by in-kind mitigation and no net loss of wetlands were achieved by developing an integrated, functioning preserve system that could be successfully managed over time.

8. Applicable State and Federal regulations regarding protection of sensitive habitat and species shall be followed.

Since the adoption of the GDP and Phase 1 and 2 RMP, the City and the County have adopted MSCP Subarea Plans covering all of Otay Ranch. These plans essentially incorporated the RMP Preserve configuration and RMP conveyance policies, making the local, State, and Federal regulation programs virtually identical and, thus, mutually consistent.

SECTION II

Changes in Circumstances in Otay Ranch Justify An Amendment That Allows For The Balance of the Preserve to be Conveyed

With the SPA One Conveyance Schedule and the RMP Policy 5.6 guidelines being satisfied as detailed in Section I above, it is necessary to facilitate both the orderly completion of the Preserve and the orderly development of the Otay Ranch. As detailed in this Section II, circumstances have changed in Otay Ranch necessitating and justifying a new approach to the RMP conveyance obligations.

- There is Not Sufficient Land Remaining in the SPA One Conveyance Schedule to Satisfy the Applicant's Conveyance Obligation
- Multiple ownerships have created significant obstacles to compliance with existing conveyance obligations;
- Additional environmental regulations have added more certainty to the assemblage of the Preserve and protection of previously vulnerable areas;
- Biological priorities have evolved so as to create "higher quality" resources in different Preserve lands.

The rationale for amending the RMP and SPA One Conveyance Schedule is set forth below.

(1) There is Not Sufficient Land Remaining in the SPA One Conveyance Schedule to Satisfy the Applicant's Conveyance Obligation

The fundamental fact necessitating a revision of the SPA One Conveyance Schedule is that the Preserve acreage needed to satisfy the Applicant's conveyance obligation exceeds the number of acres remaining in the SPA One Conveyance Schedule. Since the applicant is currently processing SPA plans in the City and County (the Village 13 Resort) it is necessary to consider any conveyance related amendments concurrently. The Applicant's conveyance obligation for: (1) its pending SPA Plan applications; and (2) the property for which it has already obtained discretionary entitlements but for which it has not yet recorded any Final Subdivision Maps, totals approximately 1,998 acres, as follows:

SPA Plan	Conveyance Obligation (Acres)
Village Two	769.9
Village Three	282.7
Freeway Commercial	40.9
Resort Village 13	904.5
TOTAL	1,998

Dedication of the majority of the Preserve land in the SPA One Conveyance Schedule is already assured either by conveyances/IODs, third party acquisitions, or discretionary approvals that are conditioned with an obligation to convey Preserve lands. The SPA One Conveyance lands that are, thus, unavailable for conveyance are depicted in *Figure 3*, attached, and explained as follows:

Conveyances/IODs: As Otay Ranch development has proceeded, Preserve land has either been granted in fee (Village 11) to the POM or has been the subject of written IODs that have been recorded, but not yet accepted by the POM for Villages One, Five, and Six in accordance with the procedures set forth in the Otay Ranch GDP/RMP. The IODs are irrevocable and may be accepted at any time by the City and/or County pursuant to Government Code §7050. By requiring IODs of Preserve acreage, the GDP/RMP provides certainty that the open space will be part of the Otay Ranch Preserve. As such, these conveyances were consistent with and anticipated by the GDP/RMP and the SPA One Conveyance Schedule. The Preserve lands that already have been provided in this manner total 2,493 acres and are depicted in pink on *Figure 3*.

Pending Conveyance: Village Six, Village Seven and the Freeway Commercial portion of Planning Area 12 have received discretionary approvals (i.e., SPA Plan approvals and tentative maps), and are required by condition to comply with the SPA One Conveyance Schedule. These conditions require that the projects meet their Preserve conveyance obligation when final maps are recorded. These conveyances are also consistent with and anticipated by the GDP/RMP and the SPA One Conveyance Schedule. The Preserve lands that will likely be provided in conjunction with these properties total 1,077 acres and are depicted in yellow on *Figure 3*.

Third-Party Acquisitions: Large portions of Otay Ranch (developable, Preserve and Limited Development Areas (“LDA”) have been acquired by third parties for conservation purposes, or for mitigation of non-Otay Ranch development impacts. The third-party land acquisitions are summarized below and depicted in purple on *Figure 3*. The table shows the total acreage acquired by each of the third parties and the amount of that acreage that is designated by the Otay Ranch GDP as developable acreage or Preserve land. The table also identifies the acreage within each acquisition that was located within the SPA One Conveyance Schedule.

Third Party Acquisition	Developable (Acres)	Preserve (Acres)	Total (Acres)	Preserve Acres Within SPA One Conveyance Schedule
Inverted L - USFWS	150.0	164.6	314.6	164.6
Proctor Valley Parcel - USFWS	6.0	262.8	268.8	61.2
Village 15 - Trust for Public Lands	135.5	47.4	182.9	0
Village 14 - WCB ²	847.6	538.9	1386.5	0
Village 15 - WCB ¹	546.2	203.6	749.8	170.0
SR-125 Mitigation Area	50.7	1.5	52.2	0
Proctor Valley Parcel - WCB	0.0	130.4	130.4	0
	1736.1	1349.3	3085.4	395.8

These third-party acquisitions of Otay Ranch Preserve land were not contemplated by the GDP or the SPA One Conveyance Schedule and have resulted in the unanticipated removal of approximately 395.8 acres of Preserve land from the available 1,349 acre inventory of land in the SPA One Conveyance Schedule that would otherwise have been available to the Applicant for conveyance.

Figure 4, “Land in SPA One Conveyance Schedule Available for Conveyance,” depicts the remaining Preserve land contained within the SPA One Conveyance Schedule that is available for conveyance (i.e., has not yet been conveyed, irrevocably offered for dedication, required for conveyance by the conditions of a discretionary approval, or acquired by a third party). *Figure 4* shows that there are approximately 1,165 acres so remaining in the SPA One Conveyance Schedule. With 1,998 acres needed to satisfy the Applicant's conveyance obligation, there is insufficient land in the SPA One Conveyance Schedule to meet Applicant's conveyance requirement. Additional Preserve lands,

^{1,2} Wildlife Conservation Board (WCB).

beyond those identified in the SPA One Conveyance Schedule, need to be authorized. Applicant's amendment proposes to resolve this deficiency by allowing the balance of the land in the Preserve to be conveyed in satisfaction of the RMP Conveyance obligation.

(2) Changes In Circumstances Justify Allowing the Preserve Conveyance Obligation to Be Satisfied With Remaining Preserve Lands

- (a) Priority resources are already conveyed, offered for dedication, or committed to the public ownership.

Section I above details the manner in which dedication of most "priority" resources described by the RMP Policy 5.6 guidelines has been assured. This is a significant change in circumstances from the time the SPA One Conveyance Schedule was originally approved. Most "keystone parcels" and the "highest quality resources" in the "most vulnerable" areas have been conveyed.

- (b) The loss of single ownership of Otay Ranch's developable and Preserve lands has complicated the sequence of conveyance.

Upon adoption of the Otay Ranch GDP, a single owner owned all 22,899 acres of the Otay Ranch. Because of the single ownership, the RMP Policy 5.6 contemplated one owner simultaneously owning all of the developable acreage and all of the Preserve land. As a result, no matter what land the owner decided to develop, it would simultaneously own the Preserve land identified by the SPA One Conveyance Schedule. However, circumstances have radically changed and, today, there are twelve private-sector property owners within Otay Ranch. The property owners are listed below³.

OWNER	DEVELOPMENT AREA (Gross Acres)	PRESERVE AREA (Acres)
McMillin Companies	1,652.5	1,453.3
The Otay Ranch Company	3,016.2	2,759.2
Otay Land Co.	630.0	2,271.3
Jewels of Charity	262.5	230.5
Stephen and Mary Birch Foundation	1,569.4	1,328.4
United Enterprises	2,000.4	1,296.7
Greg Smith	52.9	260.6
John Knox	--	15.9
Brookfield Shea Otay	487.8	516.9
Lakes Kean Argovitz Resorts	67.0	19.0
Bella Lago LLC	14.8	--
Georgiana Smith	197.2	197.3
TOTAL	9,950.7	10,349.1

³ Otay Ranch Preserve Draft Audit (April 2004).

While the GDP included policies that anticipated reasonably negotiated, market-driven Preserve land sales, the policies did not anticipate such significant expansion of multiple ownership in Otay Ranch. Multiple ownership of Otay Ranch presents significant constraints to a sequential (or prioritized) conveyance of land for the Otay Ranch Preserve. The Phase 2 RMP conveyance policies recognized that multiple ownership patterns could create constraints in implementing the conveyance schedule and, therefore, should be taken into account in future conveyance schedules. "A key additional consideration is the practical constraints imposed by areas of ownership." (Phase 2 RMP Pg. 67) Even the SPA One Conveyance schedule was qualified with the statement "Other potential alternatives [to the SPA One Conveyance Schedule] may be developed which can achieve the GDP/SRP goals, policies and objectives, and respect ownership patterns." (Phase 2 RMP Pg. 68, The Applicant's proposed amendments address these practical constraints by allowing for the conveyance of the balance of the Preserve land beyond the land identified in the SPA One Conveyance Schedule. As proposed in this amendment, each landowner will be allowed to convey its own Preserve land in satisfaction of the conveyance obligation. Only in the event that it does not own sufficient Preserve land to satisfy its obligation would the owner be required to purchase another party's Preserve land.

- (c) Adoption of the MSCP Subarea Plans has provided additional biological protections.

The Otay Ranch GDP and Phase 1 RMP were adopted in 1993. The RMP represented an innovative approach to resource conservation by seeking to conserve, manage and enhance multiple resources. Subsequently, the region pursued a similar broad-based resource conservation strategy by implementing a series of Natural Community Conservation Plans (NCCPs) through the MSCP. The regional blueprint was adopted by the City of San Diego in March 1997. The County adopted the South County MSCP in 1997 covering Otay Ranch. The City adopted its MSCP Subarea Plan in 2005, also governing Otay Ranch. The Otay Ranch Preserve system establishes the foundation for both jurisdictions Subarea plans.

It is important to note that the genesis of the MSCP planning effort was the listing of the California gnatcatcher as a threatened species. As a consequence of the listing of the gnatcatcher and the adoption of the MSCP Subarea Plans for Otay Ranch, an additional layer of protection is now in place for CSS related habitats, specifically the MSCP implementation mechanisms and associated Implementing Agreements provide for additional controls regulating disturbance of several sensitive species and habitats. Concerns set forth in the RMP Policy 5.6 guidelines with regard to the vulnerability of certain Preserve lands to approaching development are now further addressed by the MSCP provisions requiring that a detailed "edge effect" plan be considered and approved for any development adjacent to the Preserve and, further, that certain minimum buffer areas be incorporated into any development plans. In short, the MSCP created additional biological protections that were not in place at the time the RMP Policy 5.6 and SPA One Conveyance Schedule were approved, thus constituting further changes in circumstances

that justify an amendment to the Otay Ranch Conveyance Policies allowing for the balance of the Preserve to be conveyed.

(d) Listing of Quino Checkerspot Butterfly

Since the adoption of the GDP, RMP and RMP Policy 5.6 the Quino checkerspot butterfly was listed as an endangered species. Recent butterfly surveys document that the region's heaviest concentration of butterflies is located within the vicinity of the Otay Ranch in the unincorporated county. Much of the property upon which the butterflies are located is in the Preserve, but not within the SPA One Conveyance Schedule. This constitutes a significant unanticipated change since the adoption of the GDP/RMP. Specifically, Policy 5.6 geographic listing of "highest quality resources" and "keystone parcels" do not reflect the listing of the Quino checkerspot butterfly or the recent survey data identifying the location of these endangered species and, thus, additional properties could qualify as "highest quality resources."

(3) Further Biological Rationale Supporting The Amendment

The Applicant's proposed amendment would allow for the conveyance of any remaining Preserve lands as a means of satisfying the Preserve conveyance obligations of the RMP (see *Figure 2*). While the RMP Policy 5.6 guidelines, and their satisfaction, explain how Preserve lands have been conveyed or offered for dedication to date, the guidelines will not need to be applied to determine which Preserve lands can be conveyed in the future. In effect, it is reasonable to conclude -- given the current status of the Preserve as set forth in Section I and the changed circumstances since adoption of the SPA One Conveyance Plan as set forth in Section II -- that all of the remaining Preserve lands are now of equal importance to the long range viability of the system.

Biological support for this conclusion and for the proposed amendment is provided by analyzing the balance of the Preserve lands as they would relate to satisfaction of the RMP Policy 5.6 guidelines. In this regard, attached *Figure 5*, "Preserve Lands Proposed to be Available for Conveyance," shows the areas that are both outside of the SPA One Conveyance Schedule and are still available for conveyance (having not yet been conveyed, offered for dedication, conditioned for conveyance by a discretionary approval or acquired by a third party). For purposes of discussing biological issues, these areas have been labeled Areas A, B and C. Area A encompasses Wolf Canyon and upland habitat areas adjacent to the Otay River floodplain; Area B comprises the central and northern portions of the Proctor Valley Parcel; and Area C includes the remaining Preserve areas in the San Ysidro Parcel. The biological analysis below, evaluates the biology of these areas against the conveyance guidelines set forth in RMP Policy 5.6.

- 1. First priority shall be given to the conveyance of highest quality resources (such resources may include vernal pools on Otay Mesa, Diegan coastal sage scrub habitat in the Salt Creek area, gnatcatcher population areas in western San Ysidro and central Proctor Valley areas, or potential wetlands restoration areas in the Otay River Valley (depending upon the status of**

regional park plans and wetlands restoration plans at the time Otay Valley parcels are conveyed).

Area A

Area A includes Wolf Canyon and upland habitat areas within the Otay Valley that support high quality resources, including maritime succulent scrub, coastal sage scrub and native grassland. Wolf Canyon, in particular, has been undergoing extensive restoration efforts for the past several years, which has resulted in the establishment of approximately 45 acres of maritime succulent scrub habitat along the western slopes of the canyon. An additional 81 acres of maritime succulent scrub is included within adjacent additional parcels. Both the revegetated maritime succulent scrub and the natural maritime succulent scrub habitats contain extensive populations of Otay tarplant. Conservation of these populations of Otay tarplant is important in achieving the goals of both the RMP and the MSCP for conservation of this species.

The applicant's amendment proposes to permit conveyance of the remaining upland areas adjacent to Otay River floodway that have restoration potential, and to support some of the life history requirements of amphibian and other wetland related species that have both wetland and upland habitat affinities. These areas are also part of a regional wildlife corridor (Ogden 1992), and provide important habitat connectivity functions between core resource areas to the east and San Diego Bay to the west. Maintenance of this regional wildlife corridor is critical to the success of the RMP and MSCP conservation efforts.

Area B

This remaining area consists of coastal sage scrub, grassland and chaparral habitats in the central and northern portions of the Proctor Valley Parcel. These areas contain substantial habitats and species, including gnatcatchers, Munz's sage and San Diego thornmint. The area represents a large habitat block providing linkages to other Preserve areas identified as part of the MSCP. Extensive Preserve land abutting the keystone area in Proctor Valley is either already publicly owned (i.e., BLM) or has been acquired for public ownership since the adoption of the RMP. This includes land purchases by the Wildlife Conservation Board and the U.S. Fish and Wildlife Service (part of the San Diego National Wildlife Refuge). Conveyance of this area will facilitate management efficiencies and provide connectivity for existing public lands from BLM lands to the south to the San Diego National Wildlife Refuge to the north.

In addition, since the adoption of the RMP, the Quino checkerspot butterfly has been listed as a federally endangered species. Recent surveys of the Proctor Valley Preserve area for Quino checkerspot have revealed extensive habitat resources and numerous sightings of the species. Recent adult flight surveys conducted over portions of the Preserve areas in this area documented over 40 individual sightings within areas containing good quality habitat and favorable topographic features. In addition, Area B is within the designated Critical Habitat

area for Quino checkerspot butterfly, and is within the Southwestern San Diego Recovery Unit for the species, as identified in the Quino checkerspot butterfly Recovery Plan (Otay Lakes Habitat Complex). Permitting conveyance of these remaining areas would allow for management activities to occur, pursuant to the Recovery Plan and, thereby assist in the recovery efforts for the species.

Area C

Area C is comprised of portions of the San Ysidro Parcel, which contain sensitive resources including coastal sage scrub, coastal sage-chaparral, Tecate cypress forest and oak woodland/riparian forest. These areas are known to support plants and animal species identified as highly sensitive in the Otay Ranch Program EIR, including Munz's sage, Engelmann oak, California gnatcatcher and rufous-crowned sparrow (Ogden 1992). Most importantly, this area serves critical wildlife movement functions. The wildlife corridor studies identify the area as containing the intersection of two regional wildlife corridors connecting the San Ysidro Mountains with the San Miguel Mountains (Ogden 1992).

2. **Give first priority to the conveyance of "most vulnerable" areas -- those most subject to potential and ongoing disturbance.**

Area A

The City is currently processing the Applicant's SPA Plan application for Villages Two and Three, which will surround Wolf Canyon on its western and northern boundaries. As required by the RMP, development plans will include Preserve edge plans that will address urban and wildland interface issues along these boundaries. In addition, since adoption of the Otay Ranch GDP, MSCP adjacency guidelines and the City's Subarea Plan are in place to further protect sensitive areas, like Wolf Canyon, from development edge effect impacts. However, it is still important to convey these areas concurrent with development so that active management of the Preserve will be ensured over the long-term.

Upland habitat resources on the fringes of the Otay River Floodway that are not within the SPA One Conveyance Schedule are vulnerable to potential and ongoing disturbance from existing activities from the west. Existing mining activities at the quarry pose an ongoing threat to resources within this area through indirect impacts associated with dust, erosion/siltation and noise. Including Area A will accelerate protection and management of the sensitive resources within these areas.

Areas B and C

While threats within Areas B and C are less immediate, the additional parcels do represent a gap in Preserve management, being surrounded by public lands that are being managed for conservation. An active management entity within this

area could provide benefits in terms of reducing potential risks from fire and other stochastic events.

3. **Conveyance shall occur in an orderly manner beginning with an identified "keystone" parcel (e.g., vernal pool areas, Salt Creek area, Otay River Valley, Central Proctor Valley, western San Ysidro) and proceed to the next logical block of land.**

Area A

While "keystone areas" have already been assured as discussed in Section I, inclusion of Area A would facilitate completion of conveyance within the western portions of the Otay Ranch.

Areas B and C

Inclusion of Areas B and C would provide contiguity of POM ownership and management for the remaining portions of the San Ysidro Parcel that are not already in public ownership. The area is adjacent to high quality gnatcatcher locations to the west that are already protected. In addition, as noted in No. 2 above, Area C is situated among lands that are already in public ownership to the north, south and west that are being managed for conservation. Therefore, conveyance within Area C is a logical extension of existing adjacent public ownership.

4. **Convey areas with restoration potential early in order to begin long-term research activities early in the process (Restoration activities may occur in areas proposed for inclusion in the Preserve prior to their conveyance).**

Area A

Please refer to No. 1 above, the Wolf Canyon and Otay River areas have extensive potential for restoration, and an active restoration program is currently in place within Wolf Canyon.

Areas B and C

These areas are not subject to extensive disturbances requiring restoration. However, restoration potential exists within the areas of non-native grassland within these parcels.

5. **The Preserve Owner(s)/Manager(s) shall participate in preparation of the conveyance schedule.**

The City and the County, working together as the Preserve Owner/Manager, will adopt respective conveyance plans that are consistent with each other.

6. **Cumulative acreage conveyed shall be greater than or equal to the cumulative acreage of the proposed SPA.**

Conveyance requirements on a village-by-village basis have resulted in cumulative acreages of conveyed lands being greater than cumulative acreage of development.

7. **General guidelines regarding in-kind mitigation and no net loss of wetlands shall be considered in development of a conveyance schedule, particularly in the context of applicable State and Federal regulations (It is understood that in-kind mitigation may not always be the preferable approach to achieve the goal of establishing a functioning, manageable Preserve).**

Areas A, B and C include a variety of in-kind mitigation opportunities, including wetland, vernal pool, coastal sage scrub and maritime succulent scrub habitats. In addition, adoption of the MSCP and the associated Subarea Plans for the City and County eliminates the need for specific in-kind mitigation on a species-by-species basis, for those species that are covered under the plans.

8. **Applicable State and Federal regulations regarding protection of sensitive habitat and species shall be followed.**

After adoption of the RMP, the region approved the MSCP, including the County's South County Subarea Plan and the City's Subarea Plan, which incorporates a Preserve boundary generally consistent with the Otay Ranch RMP Preserve.

Biological resources conserved within Areas A, B and C include listed plant and animal species, such as Otay tarplant and California gnatcatcher. Areas A, B and C include Preserve areas identified in the City's Subarea Plan.